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March 15, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Ex Parte

Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: CC Docket No. 95-185, LEC/CMRS Interconnection

Dear Mr. Caton:

In accordance with the Commission's rules governing ex parte presentations, please be advised that yesterday, Wayne Watts and the undersigned representing SBC Communications Inc. met in separate meetings to discuss the issues summarized in the attached documents with the following people:

*From the Office of Chairman Reed Hundt:
Jackie Chorney*

*From the Office of Commissioner Andrew Barrett:
Todd Silbergeld
Lisa Smith*

*From the Office of Commissioner James Quello:
Rudolfo Baca*

*From the Office of Commissioner Rachelle Chong:
Suzanne Toller*

*From the Office of Commissioner Susan Ness:
James Casserly*

From the Wireless Telecommunications Bureau:
Jay Markley Dan Grosh (Policy)
Kathy O'Brien (Policy) Barbara Esbin (Commercial)
Zenji Nakazowa (Policy) James Coltharp

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Mr. William F. Caton
March 15, 1996
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Due to the late hour at which these meetings were completed, it was not possible to file this notice. Please associate this letter with the above referenced proceeding. If you have any questions, please do not hesitate to contact me.

Sincerely,


Michael Bennett

Attachment

<i>cc:</i>	<i>James Coltharp</i>	<i>Suzanne Toller</i>
	<i>Barbara Esbin</i>	<i>Rudy Baca</i>
	<i>Jay Markley</i>	<i>Todd Silbergeld</i>
	<i>Dan Grosh</i>	<i>Lisa Smith</i>
	<i>Kathy O'Brien</i>	<i>James Casserly</i>
	<i>Zenji Nakazowa</i>	<i>Jackie Chorney</i>

PRESENTATION OF
SBC COMMUNICATIONS INC.

and

SOUTHWESTERN BELL MOBILE SYSTEMS, INC.

LEC/CMRS INTERCONNECTION

FCC DOCKET 95-185

MARCH 14, 1996

CMRS INTERCONNECTION WITH LOCAL EXCHANGE CARRIERS
(LECs)

- Negotiated interconnection arrangements will not result in discrimination
 - Has worked to this point.
 - SBMS has more POPS/Customers out of SWBT territory than in-region
 - SBMS has been able to obtain satisfactory interconnection with Illinois Bell, Bell Atlantic and New England Telephone through negotiations.
 - Negotiation allows CMRS providers flexibility.

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- Wireless providers have sufficient bargaining power to obtain appropriate interconnection.
 - Wireless providers are among the LEC's largest customers.
 - Wireless carriers can, and do, utilize multiple points of interconnection to minimize their access charges. SBMS' Dallas system interconnection is shown on Attachment A.
 - CTIA has previously recognized the bargaining power of wireless carriers.
 - "In considering how best to ensure full and efficient interconnection arrangements between LECs and CMRS providers, the Commission should be guided by the old

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adage, "if it ain't broke, don't fix it."
(CTIA Reply Comments, Docket 94-54, at p.
59) .

- ". . . Most LECs and cellular carriers are satisfied with the current negotiation process for interconnection with the public switch network and find that process generally produces fair and nondiscriminatory interconnection arrangements. This is due in large part, to the fact the CMRS market comprises sophisticated buyers of access services with sufficient information and expertise to negotiate equitable interconnection arrangements." (Emphasis added) CTIA Comments, FCC Docket 94-54, at p. 18) .

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- ". . . After nearly a decade of experience with the negotiation process, the customs and procedures pertaining to cellular interconnection are now well established and successful. Cellular companies and LECs have negotiated and implemented satisfactory interconnection agreements." (CTIA Comments, FCC Docket 94-54, at pp. 19-20).
- In many markets, there are multiple access tandems available to which CMRS calls may be terminated.
 - This enhances the bargaining power of CMRS providers.

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- There are alternative tandems in most markets where both SBMS and SWBT operate. See Affidavit of Gary Mann-Attachment B, which shows
 - Most LECs with alternative tandems provide service under contract.
 - Any minutes received from a CMRS provider will be incremental.
 - Both the LEC and the CMRS provider can benefit from negotiated access charges.
- SBMS sends traffic to both SWBT and GTE access tandem in the Dallas/Ft. Worth MSA.

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- In addition, traffic can be sent directly to a LEC end office.
- SBMS' Boston system has Type 2 connections to six NET access tandems and Type 1 connections to 50 different end offices to minimize its access charges.
- Wireless carriers can negotiate reduced access charges and compensation
 - SBMS/Teleport Agreement for Boston
 - Significantly reduced access charges in Boston by sending traffic to Teleport
 - Teleport is a certificated local exchange carrier in the Boston area.

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- Substantial savings over standard LEC termination rights.
- Teleport and SBMS pay each other mutual compensation at an agreed upon rate
- SBMS Is negotiating With CAPS In Other Markets
 - Active negotiations with Teleport in Baltimore
 - Opportunities to negotiate with MFS in Maryland and TCG in Washington, D.C.
 - Negotiations with GTE to deliver traffic to its tandem in the Washington/Baltimore area.

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- SBMS Discussions With Other LECs
 - Very close to finalizing agreement to receive compensation and reduced access charges.
 - SBMS currently receives mutual compensation from RTC in Rochester and from NYNEX in Buffalo.
- The Commission's Negotiation Safeguards, proposed in Docket 94-54, will prevent unreasonable discrimination.
- Most favorable terms, conditions and rates provided by a LEC to one carrier must be provided to all carriers.

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- All interconnection agreements must be available for public inspection so that terms and conditions may be compared.
- The combination of the Commission's safeguards, the relative size of wireless providers (as customers of LECs), and the availability of alternative points of interconnection with the LEC provide ample assurance of nondiscrimination.

- Bill and Keep should not be imposed in absence of an equal flow of traffic
 - CTIA references to states imposing bill and keep are misleading
 - The Washington Commission specifically concluded that it would not adopt bill and keep, ". . . if it appeared that new entrant ALECs would be imposing more cost to the incumbent than they would be incurring by terminating incumbent traffic."
 - The Washington Commission also noted that ". . . this might happen if all traffic were from the ALEC to the incumbent LEC. Both would incur the cost of establishing a connection but with no traffic going to the new entrant,

the cost incurred by the incumbent provides it no benefit."

- The Washington Commission concludes that ". . . to the contrary the only evidence on the record favors the theory that traffic will be close to balanced."

- Massachusetts DPU Proceedings

- Bill and keep has been proposed by MCI
- SBMS and others have opposed bill and keep
- Only MCI and New England Cable Television Association advocate bill and keep

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- Teleport Communications Group Inc.- ". . . a reciprocal cost and capacity based charges are not appropriate unless carriers opt for bill and keep arrangements in the future based on balanced traffic flow." (TCG brief at p. 17).
- LDDS "vigorously supports" the development of access billing data so that competing carriers can bill end users for exchange access service. (Initial Brief of WorldCom, Inc. d/b/a LDDS WorldCom, at p. 22).

ECONOMIC REALITIES OF BILL AND KEEP

- Bill and keep creates a free riding environment
- Bill and keep creates an incentive for new entrants to not construct a network or to minimize its network cost while not paying for network usage
- This free riding concept leads to decreased investments and results in a less efficient telecommunications network
- CTIA recognized the free riding concept in Docket 94-54 when it stated that, ". . . unnecessary regulation may also serve to undercut the competitive process and thereby create inefficiency and diminish consumer welfare, for

example, by creating a free riding problem in allowing others to bear and assume the risk of establishing new networks." (CTIA Comments, Docket 94-54, at p. 33).

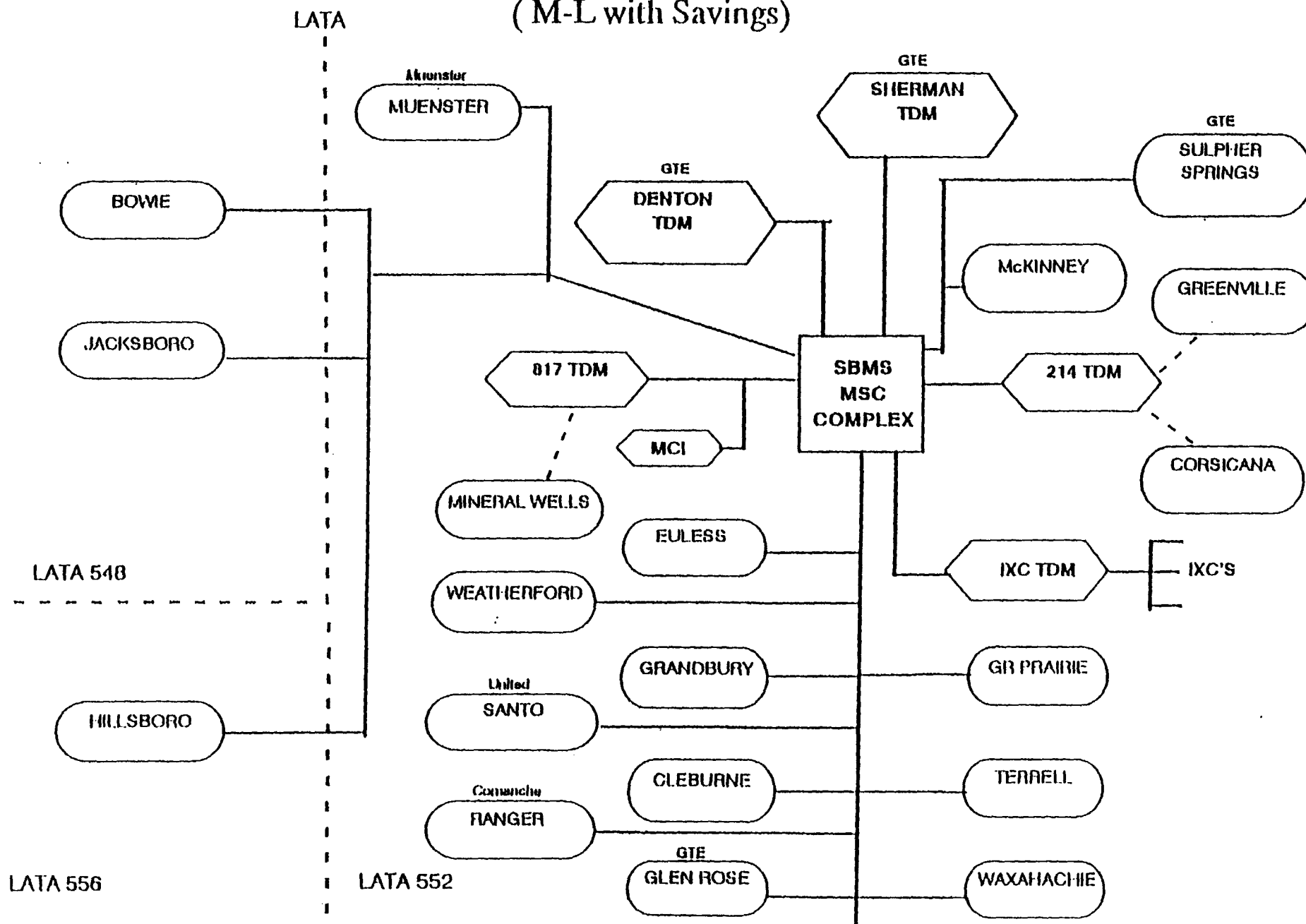
- All networks have value and the owners of the networks are entitled to compensation for their utilization
- New entrants must be encouraged to construct networks
- Primary incentive is compensation for the utilization of those networks via terminating access charges.
- SBMS has numerous options in negotiating access charges. The imposition of bill and

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keep mechanisms will reduce those options and
will reduce the incentive of others to build
alternative networks.

PSTN INTERFACE WITH LEAST COST ROUTING

(M-L with Savings)



ATTACHMENT 3

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554


In the Matter of American Telephone)
and Telegraph Company and Craig O.)
McCaw. Applications to Transfer) File No. ENF 91-44
Control of Licenses Held by)
Subsidiaries and Affiliates of McCaw)
Cellular Communications, Inc.)

AFFIDAVIT OF GARY L. MANN

1. My name is Gary L. Mann. I am an Attorney at Law in private practice. My business address is 5905 Rickerhill Lane, Post Office Box 90367, Austin, Texas 78709-0367. Prior to entering private law practice I was employed by Southwestern Bell Telephone Company as District Manager-Rate Administration in Austin, Texas. I worked for Southwestern Bell continuously for 25 years from June 1968 through October 1993, except for two periods of active duty with the United States Army.
2. While working for Southwestern Bell, I held positions in the engineering department related to the ordering and installation of central office switching machines and interoffice facilities; the transmission design of interoffice facilities; and, planning for equipment and facility growth. I have also held various positions in the Revenues and Public Affairs Department from 1975 to 1993 relating to rate development, cost development and tariff administration. As a District Manager for Southwestern Bell I testified before the Kansas, Oklahoma and Texas utility commissions as an expert on telecommunications costing, pricing and tariffs. I also testified in the civil courts as an expert witness on telecommunications tariffs. Attachment 1 is a summary of my education, work experience and witness appearances.
3. At the request of Southwestern Bell Mobile Systems, I studied the availability of tandem facilities in the Southwestern United States for cellular carriers to connect to the public switched network. Such connections are used for the completion of telephone calls between cellular mobile customers and landline customers.
4. My general approach was to first examine state maps showing the Southwestern Bell Mobile Systems' cellular geographic service areas for the Standard Metropolitan Statistical Areas (MSAs) in these states. Next, I identified the Southwestern Bell Telephone Company and the non-Bell exchange company tandems in these MSAs. I obtained copies of tariffs, and contracts, for

the connection of cellular services to local exchange access. I calculated (1) the rates to connect the mobile telephone switching office to the local exchange company tandem and (2) the rates to terminate mobile-to-landline calls on the local exchange network. I also examined the local calling scopes for the tandems.

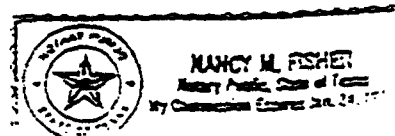
5. Attachment 2 is the results of my study which was prepared by me and is to the best of my knowledge true and correct. It contains a narrative description of the results of my study, a list of tandem serving options for the MSAs, charts comparing rates and calling scopes of Southwestern Bell Telephone Company and other local exchange telephone companies and supporting documentation.
6. From my analysis I conclude that most MSAs in Kansas, Missouri, Oklahoma and Texas have more than one option for originating and terminating cellular usage on the local exchange network. Non-Bell exchange companies typically provide these interconnections under contract. This gives them the flexibility to negotiate volume discounts and give the best deal to the cellular providers. Since the present rates are significantly above costs, the non-Bell exchange companies have room to negotiate lower access rates (including rates at least as low as those charged by Southwestern Bell Telephone Company). Accordingly, they could provide such services at rates below the Southwestern Bell Telephone Company tariffed rates while still making a profit. Where a company can provide a service at a rate above its incremental cost, it has the incentive to do so.


Gary L. Mann

STATE OF TEXAS
COUNTY OF TRAVIS

Before me, the undersigned authority, on this Eleventh day of January, 1994, personally appeared Gary L. Mann, who being first duly sworn, avers that this affidavit is true and correct to the best of his knowledge.





SUMMARY OF EDUCATION AND WORK EXPERIENCE

Education

B.S. in Applied Mathematics, University of Missouri-Rolla, 1968

Juris Doctor, Oklahoma City University, 1969

Work Experience

Continuously employed by Southwestern Bell Telephone Company (SWBT) from June 1968 to October 1993, except for the periods from December 1968 through August 1971 and January 1991 through March 1991 when on active duty with the U.S. Army. Held various positions in the engineering department related to the ordering and installation of central office switching machines and interoffice facilities; the transmission design of interoffice facilities; and, planning for equipment and facility growth. Held various positions in the Revenues and Public Affairs Department from 1975 up to my retirement from SWBT in 1993 relating to rate development, cost development and tariff administration.

Witness Appearances

- 1993 Earned v. Southwestern Bell Telephone Co., Cause No. 91-575982, County Court at Law No. 1, Lubbock County, Texas. Expert witness on tariff matters.
- 1993 Haider v. Southwestern Bell Telephone Co., Cause No. 19,126, District Court of Taylor County Texas, 104th Judicial District. Expert witness on tariff matters.
- 1992 Pankau v. Southwestern Bell Telephone Co., Civil Action No. H-91-1173, U.S. District Court, Southern District of Texas. Expert witness on tariff matters.
- 1991 Application of Southwestern Bell Telephone Company to Revise Tariff in Compliance with Substantive Rule 623.54, Texas Docket No. 10389. Testified on the blocking of international direct dialed calls from coin-operated customer owned pay telephones.

- 1991 Petition for Declaratory Judgment and Relief of AT&T Communications of the Southwest, Inc. Against Southwestern Bell Telephone Company and GTB Southwest, Texas Docket No. 8395. Testified on the application of Switched Access Service and Local Exchange Service and the relationship of those services to the TEX-AM Network.
- 1986 In the Matter of the Application of Southwestern Bell Telephone Company for an Order Approving Proposed Additions and Changes in Applicant's Access Service Tariff and Wide Area Telecommunications Service Plan Tariff, Oklahoma Cause PUD Nos. 237 and 254. Testified to proposals for Multijurisdictional 800 Service and OUTWATS.
- 1986 In re: Inquiry of the Oklahoma Corporation Commission Concerning the Development of Intrastate Access Charges, Oklahoma Cause No. 28309. Testified to restructuring of the intrastate access service tariff.
- 1984 In re: Inquiry of the Oklahoma Corporation Commission Concerning the Development of Intrastate Access Charges, Oklahoma Cause No. 28309. Testified to changes in Foreign Exchange, Foreign Serving Office and Feature Group A Switched Access services.
- 1983 In re: Inquiry of the Oklahoma Corporation Commission Concerning the Development of Intrastate Access Charges, Oklahoma Cause No. 28309. Testified to the establishment of the intrastate access service tariff.
- 1983 In the Matter of the Application of Southwestern Bell Telephone Company for an Order Adjusting its Intrastate Rated Charges, Services and Practices, Oklahoma Cause No. 28002. Testified to rate and tariff matters regarding Private Line Services and to changes in rates for those services.
- 1982 Permission and Authority to Establish New Intrastate Rates, Tolls and Charges Applicable to Communications Services Furnished in the State of Kansas, Kansas Docket No. 126-811U. Testified to rate, tariff and cost matters regarding Private Line Services and to change rates for those services.
- 1981 Application of Southwestern Bell Telephone Company for Authority to Increase Rates, Texas Docket 1920. Testified to rate and tariff matters regarding Private Line Service.

- 1980 RE: Petition of Southwestern Bell Telephone Company for Authority to Change Rates Statewide, Texas Docket No. 3340. Testified to rate and tariff matters regarding Private Line Services and to changes in rates for those services.
- 1979 In the Matter of the Application of Southwestern Bell Telephone Company to Revise and Restructure According to Cost Causation the Rates and Charges Applicable to Certain Competitive and Nonbasic Intrastate and Exchange Telephone Communications Services Furnished Within Oklahoma, Oklahoma Cause No. 26755. Testified to the restructuring of the Oklahoma Private Line Service Tariff.

AVAILABILITY of TANDEM FACILITIES
for
CELLULAR CARRIERS to CONNECT
to the
PUBLIC SWITCHED NETWORK